Headquarters U.S. Air Force

Integrity - Service - Excellence

Transitioning MTFs To Performance Based Organizations

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AF/SGOC

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AFMS $20-$1500 Accountability Program

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<u>What it is:</u> A process to begin the transition of AF MTFs to performance based organizations by strengthening the relationship between inputs (O&M dollars) and outputs (RVUs and RWPs)

<u>What it will do:</u> Will heighten awareness of AFMS personnel on the importance of MTFs maintaining alignment with their business plans, timely and accurate coding, and the financial impact of failing to meet business plan projections

<u>What we would like it to do:</u> Pay a MAJCOM/MTF exceeding their BP targets with funds from MAJCOM/MTF

AFMS $20-$1500 Accountability Program

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How it will work:

- **At the beginning of the quarter, each MAJCOM's prior quarter BP execution will be assessed using the most recent months' completed data**
- **Any under execution will be taxed at $20/RVU and $1500/RWP, and subtracted from that quarters allocation**
- **Over execution in subsequent months will be paid by SG**
- **Program will be phased in during FY05, providing MAJCOMs with time to adjust, if necessary**

AFMS Performance Based Allocation

Does not include:

- **Accrual Fund**
- **Revised Financing**
- **MilPers**
- **Procurement**
- **GWOT $$s**

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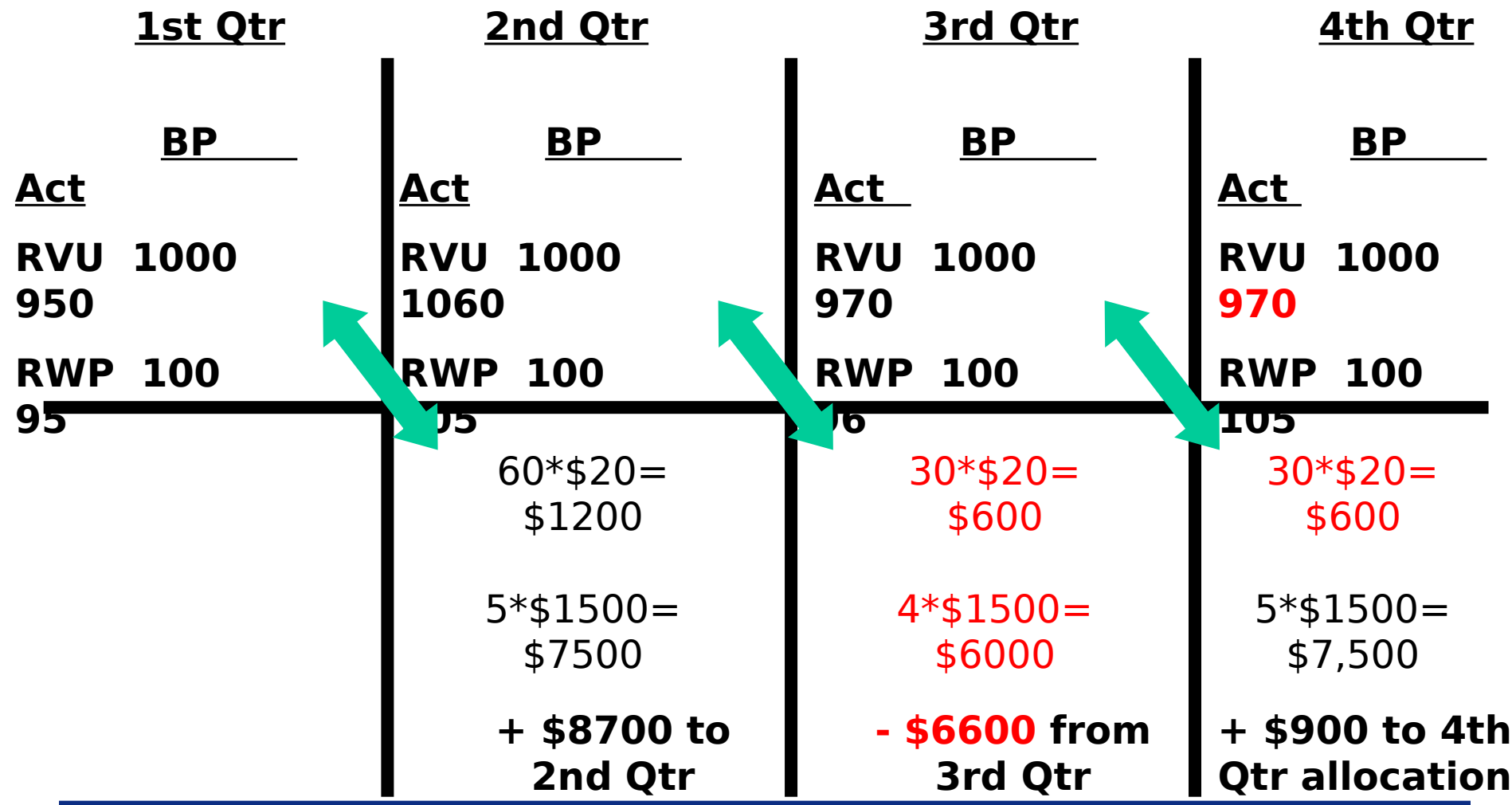
Potential Methodology

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Full 1st Qtr Allocation	2nd Qtr Allocation less **Oct-Nov** RVU, and **Oct** RWP BP under execution	3nd Qtr Allocation less **Dec-Feb** RVU, **Nov-Jan** BP under execution	4nd Qtr Allocation less **Mar-May** RVU **Feb-Apr** BP under execution

Potential Methodology

By the numbers…..

Potentially large numbers!!!



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Implementation

- **Work out methodology at NOVA**
- **Develop PIB metrics ASAP (AF/SGOC and AFMSA/SGSI)**
- **Need to monitor how MTFs absorb decrements (if any), i.e., cutting back on equipment, SR&M, IM/IT will hollow out infrastructure**

Issues:

- **AFMS must still execute quarterly targets, and any withheld dollars need be obligated to stay on quarterly spend line**
- **Need infrastructure sustainment metric**
- **Cashflow: (withholds)**

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Send Cards and Letters to…..

- **We would like feedback so we can do Homework prior to NOVA:**
- **Maj Russ Pinard, AF/SGOC: Russell.Pinard@pentagon.af.mil**
- **Col Jon Pearse, AF/SGOC: Jon.Pearse@pentagon.af.mil**

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Summary

- **Major resourcing initiative for AFMS**
- **Proposed FY05 implementation based on quarterly ramp-up with 4th quarter allocation assessing a full 100% tax for any YTD BP execution shortfall**
- **Still need to assess viability of this proposal in light of TMA's FY05 PPS roll-out**

Back Up Slides

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Management of Under Execution Tax

- **Q. Can A MAJCOM over-execute later in the FY if they under-execute early in the FY and get paid for total RVUs/RWPs?**

  A. Yes. SGSR would have to fence allocations early in the FY (i.e., equipment, SR&M) so that money would be available later in the FY if a MAJCOM catches up to their BP. Difficult but doable. Unexecuted resources at risk with TMA.

- **Q. How will any undistributed funds be used?**

  A. Any undistributed funds will be briefed to the AFMS Group early in the 4th Qtr to propose a recommended spend plan to the Council and AF/SG

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MAJCOM Questions

- **Q. When will we be able to modify/adjust our business plans?**

  A. OSD/HA controls business plan. If major disconnect with business plan is identified, AF/SGO and AF/SG become advocate to OSD/HA for change.

- **Q. If Air Staff is concerned about where cuts are made, do they plan to make suggestions?**

  A. MAJCOM will have full visibility of MTF over and under performance. It is a MAJCOM decision on allocation of funds.

- **Q. Are OCONUS (excluding AK and HI) were excluded from this new methodology?**

  Recommendation: Include OCONUS

MAJCOM Questions

- **Q. In First Quarter of next FY contracts are frontloaded. How will a withhold impact an MTFs ability to let contracts?**

  A. The first year of execution, there will be full first quarter allocation so there will be no impact. The second year of execution, we will have to monitor impact of the program based on level of over and/or under execution

- **Q. If Air Staff is concerned about where cuts are made, do they plan to make suggestions?**

  A. MAJCOM will have full visibility of MTF over and under performance. It is a MAJCOM decision on allocation of funds.

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MAJCOM Questions

- **Q. How do we track performance?**

  A. An MTF Business Plan Execution Summary Report will be pushed out to the MAJCOMs and MTFs on a monthly basis. This report will provide detailed information on actual performance against Business Plan targets. The $20/RVU and/or $1500/RWP will be the conversion factor to generate the financial impact of performance.

- **Q. Is the reconciliation based on individual MTFs or by MAJCOMs?**

  A. Each MTF's performance will be reconciled and rolled up to the MAJCOM level to determine the total allocation.

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MAJCOM Questions

- **Q. What portion of the MTF/MAJCOM budgets will the Performance Based Initiative (PBI) cover?**
  - a. Ancillaries?
  - b. Readiness?
  - c. Administrative?

  A. Ancillaries are not included in RVUs/RWPs in the Business Plan

- **Q. Will Line programs be impacted?**

  A. Although there will be no direct financial impact to the line; one objective of the PBI program is to quantify a financial impact on day-to-day activities such as mandatory down days, etc. This would provide an opportunity to inform chain of command on potential impact of decisions

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MAJCOM Questions

- **Q. Indirect Medical Education costs?**

  A. Indirect Medical Education costs were a factor under consideration for PPS. They will not be a factor under PBI.

- **Q. Is Purchased Care going to be a part of PBI?**

  A. It is important to include Purchased Care in this program. There will be a 3 month data lag resulting in a delay of reconciliation.

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MAJCOM Questions

- **Q. Will this discourage across-MAJCOM manning assistance (ie: WHMC to USAFE)?**
- **Q. What about permissive TDYs for DoDDS school functions, humanitarian missions, and the other things that truly make the AF different, and better, than civilian practice? Which MTF commanders will be willing to take those kinds of hits, and what will be the cost in poor retention?**
- **Q. Would remainder of funds pulled from MTFs/MAJCOMs be an Air Staff windfall used for other initiatives, or would the positives and negatives be balanced somehow?**

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MAJCOM Questions

- **Q. What are “acceptable appeals”?**
- **Q. Who is the final appeal authority?**
- **Q. What system is the “official” reconciliation system?**
- **Q. How will this not incentivize “Churn and Earn”?**
- **Q. Suggestion that a pilot study of 2 commands for say 2 quarters may be of value as we roll this out**

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MAJCOM Questions

- **Q. How long will reconciliation and appeal process take?**
- **Q. What is implication of missing BP target? SAV, MDG/CC fired?**
- **Q. Can we use percent of BP target rather than delta?**

Discussion